

ESTIMATED COST OF 1% RATE INCREASE FISCAL YEAR 2007-08

SERVICE CATEGORY	ESTIMATE WITHOUT RATE INCREASE	ADJUSTMENT FACTOR (1)	FULL YEAR COST FOR EACH 1% RATE INCREASE		ASSUMING AUG. 2007 IMPLEMENTATION			
			TOTAL	STATE	11 MONTH ADJUSTMENT	PAYMENT LAG (2)	LAGGED COST FOR EACH 1% RATE INCREASE	
							TOTAL	STATE
PHYSICIANS	\$1,205,854,530	0.9660	\$11,648,550	\$6,098,240	0.9167	0.7910	\$8,445,980	\$4,421,640
OTHER MEDICAL	\$1,769,701,550	0.9760	\$17,272,290	\$8,921,160	0.9167	0.8364	\$13,243,390	\$6,840,230
COUNTY OUTPATIENT	\$159,535,930	0.9600	\$1,531,540	\$408,110	0.9167	0.7836	\$1,100,130	\$293,150
COMMUNITY OUTPATIENT	\$558,116,820	0.9100	\$5,078,860	\$2,362,690	0.9167	0.7972	\$3,711,650	\$1,726,660
PHARMACY	\$1,829,302,660	0.0793	\$1,451,370	\$768,840	0.9167	0.9404	\$1,251,090	\$662,740
COUNTY INPATIENT	\$737,082,450	1.0000	N/A	N/A	0.9167	0.6400	N/A	N/A
COMMUNITY INPATIENT	\$3,870,812,310	1.0000	N/A	N/A	0.9167	0.7609	N/A	N/A
NURSING FACILITIES	\$3,836,158,550	1.1578	\$44,414,660	\$22,549,660	0.9167	0.8840	\$35,990,030	\$18,272,410
ICF-DD	\$429,024,220	1.1578	\$4,967,200	\$2,498,760	0.9167	0.8839	\$4,024,700	\$2,024,640
MEDICAL TRANSPORTATION	\$160,338,410	0.9660	\$1,548,870	\$824,740	0.9167	0.8270	\$1,174,240	\$625,260
OTHER SERVICES	\$1,158,922,970	0.9540	\$11,056,130	\$4,899,270	0.9167	0.8353	\$8,465,440	\$3,751,270
HOME HEALTH	\$177,358,340	0.9800	\$1,738,110	\$893,430	0.9167	0.8120	\$1,293,790	\$665,040
DENTAL	\$611,466,970	0.9990	\$6,108,560	\$3,146,220	0.9167	1.0000	\$5,599,510	\$2,884,030
MENTAL HEALTH	\$1,035,337,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TWO PLAN MODEL	\$3,420,157,410	1.0000	\$34,201,570	\$17,399,990	0.9167	1.0000	\$31,351,440	\$15,949,990
COUNTY ORGANIZED HEALTH SYSTEMS	\$1,850,451,750	1.0000	\$18,504,520	\$9,405,020	0.9167	1.0000	\$16,962,470	\$8,621,270
GEOGRAPHIC MANAGED CARE	\$524,467,900	1.0000	\$5,244,680	\$2,661,460	0.9167	1.0000	\$4,807,620	\$2,439,670
PHP & OTHER MANAG. CARE	\$404,093,710	1.0000	\$4,040,940	\$2,040,280	0.9167	1.0000	\$3,704,190	\$1,870,260
AUDITS/ LAWSUITS	\$2,865,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
EPSDT SCREENS	\$64,844,600	1.0000	\$648,450	\$322,500	0.9167	1.0000	\$594,410	\$295,620
MEDICARE PAYMENTS (4)	\$3,299,365,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
STATE HOSP./DEVELOPMENTAL CNTRS.	\$301,015,000	0.9782	\$2,944,500	\$0	0.9167	1.0000	\$2,699,120	\$0
MISC. SERVICES	\$2,989,755,000	1.0000	\$29,897,550	\$129,910	0.9167	1.0000	\$27,406,090	\$119,090
RECOVERIES	-\$282,578,320	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TOTAL	\$30,113,449,760		\$202,298,340	\$85,330,290 (3)			\$171,825,300	\$71,462,970

(1) Reflects adjustment for services not affected by rate increases due to Medicare crossover and unlisted procedures.
 Adjustment factor for Dental services due primarily to prior year reconciliations.
 Adjustment factor for SNF & ICF services compensates for the impact of shares of cost on average payments.
 Adjustment factor for Pharmacy includes an adjustment for the dispensing fee only.

(2) Reflects adjustment for the lag between actual rendering of service and payment for that service.

(3) Excludes service categories noted above with N/A and all policy changes excluded from Cost/Eligible report.

(4) Medicare Payments cost increase included as base adjustment.